

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-92-WS - ORDER NO. 2007-230

APRIL 5, 2007

IN RE: Application of Carolina Water Service, Inc.) ORDER APPROVING
for Adjustment of Rates and Charges for the) BOND PURSUANT TO
Provision of Water and Sewer Service) S.C. CODE ANN.
) SECTION 58-5-240(D)

This matter comes before the Public Service Commission of South Carolina ("Commission") on the request of Carolina Water Service, Inc. ("CWS") for approval of a bond under S.C. Code Ann. Section 58-5-240(D) (Supp. 2005). For the reasons set forth below, the Commission approves a bond for CWS in the amount of \$474,117.00.

On March 28, 2006, CWS filed with the Commission an Application seeking approval of a new schedule of rates and charges for water and sewer service that CWS provides to its customers within its authorized service areas in South Carolina. Following a hearing on the Application, the Commission issued its Order No. 2006-543, dated October 2, 2006, which rejected a Settlement Agreement filed in the case, and denied the increase in the rates and charges sought by the Application. Thereafter, CWS timely filed a Petition for Rehearing or Reconsideration of Commission Order No. 2006-543. The Commission denied CWS's Petition for Rehearing or Reconsideration and a formal order on the denial of CWS's Petition for Rehearing or Reconsideration is being prepared. Also by its Petition for Rehearing or Reconsideration, CWS sought, in the event that its Petition was denied, establishment of a bond pursuant to S.C. Code Ann. Section 58-5-

240(D) (Supp. 2005) so that CWS could place additional requested rates into effect under bond during appeal of the case.

S.C. Code Ann. Section 58-5-240(D) (Supp. 2005) provides in relevant part

If the Commission rules and issues its order within the time aforesaid, and the utility shall appeal from the order, by filing with the Commission a petition for rehearing, the utility may put the rates requested in its schedule into effect under bond only during the appeal and until final disposition of the case. Such bond must be in a reasonable amount approved by the Commission, with sureties approved by the Commission, conditioned upon the refund, in a manner to be prescribed by order of the Commission, to the persons, corporations, or municipalities, respectively, entitled to the amount of the excess, if the rate or rates put into effect are finally determined to be excessive; or there may be substituted for the bond other arrangements satisfactory to the Commission for the protection of parties interested. During any period in which a utility shall charge increased rates under bond, it shall provide records or other evidence of payments made by its subscribers or patrons under the rate or rates which the utility has put into operation in excess of the rate or rates in effect immediately prior to the filing of the schedule. ...

Thus, pursuant to S.C. Code Ann. Section 58-5-240(D)(Supp. 2005), a utility which appeals an order of the Commission in a rate case is entitled to place the requested rates into effect under bond of a reasonable amount with Commission approved sureties. However, any excess of the rates placed into effect under bond are subject to refund if the rates placed into effect under bond are determined on the appeal to be excessive.

CWS has proposed a bond in the amount of \$474,117.00. CWS states that this figure represents the additional annual revenue which CWS would be entitled to earn over a year's period if the Commission had not rejected the Settlement Agreement. The

Commission finds the amount of bond proposed by CWS to be a reasonable amount for the bond permitted under S.C. Code Ann. Section 58-5-240(D)(Supp. 2005). We hold in abeyance until a later time a determination as to whether future refunds, if necessary, should be made by crediting existing customers' bills.

Therefore, upon consideration of the request of CWS for approval of a bond under S.C. Code Ann. Section 58-5-240(D) (Supp. 2005), the Commission makes the following findings of fact:

1. S.C. Code Ann. Section 58-5-240(D)(Supp. 2005) allows a utility which appeals an order of the Commission in a rate case to place the requested rates into effect under bond of a reasonable amount approved by the Commission.

2. The Commission finds that the bond amount of \$474,117.00 proposed by CWS is a reasonable amount for the bond, as this amount will allow CWS to place into effect the rates which would have been in effect had the Commission approved the proposed Settlement Agreement over a one year period.

3. The Commission finds the proposed bond form attached to CWS's Petition for Rehearing or Reconsideration to be reasonable and further finds the proposed bond form to be sufficient for use by CWS. The proposed bond form provides for refunds of amounts collected in excess of the amounts finally approved on appeal as required by S.C. Code Ann. Section 58-5-240(D) (Supp. 2005).

IT IS THEREFORE ORDERED THAT:

1. In the matter of CWS's rate case as contained in Commission Docket No. 2006-92-W/S, CWS is permitted to place rates into effect under bond as allowed by S.C.

Code Ann. Section 58-5-240(D) (Supp. 2005), and a reasonable amount of bond for rates placed into effect under bond in the instant matter is \$474,117.00.

2. The proposed bond form submitted by CWS is an appropriate bond form for CWS to use in the instant matter.

3. CWS shall maintain records or other evidence of payments made by its customers under the rates in effect under bond as required by S.C. Code Ann. Section 58-5-240(D)(Supp. 2005). We will hold in abeyance a decision on how future refunds, if necessary, shall be made.

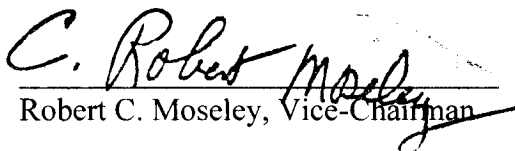
4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



Robert C. Moseley, Vice-Chairman

(SEAL)